

VO
STATEMENT OF FINANCIAL POSITION
AS OF: December 31, 2006

ASSETS

CURRENT ASSETS

101 Cash (Disclose on Schedule A)	\$61,589,738
102 Current Investments	-
103 Accounts Receivable (net) (Disclose on Schedule A)	\$12,985,161
104 Notes Receivable (current portion)	-
105 Prepaid Expenses	2,186,795
106 Other Current Assets (Disclose on Schedule A)	<u>\$2,947,259</u>
107 Total Current Assets	<u>\$79,708,953</u>

NON-CURRENT ASSETS

108 Land	-
109 Building	-
110 Leasehold Improvements	4,886,271
111 Furniture and Equipment	15,395,366
112 Vehicles	-
113 Total Property and Equipment	<u>\$20,281,637</u>
114 Less: Accumulated Depreciation	<u>10,803,997</u>
115 Net Property and Equipment	<u>\$9,477,640</u>
116 Notes Receivable (net of current portion)	-
117 Performance Bond (Disclose on Schedule A)	-
118 Long Term Investments	-
119 Deposits	475,843
120 Other Noncurrent Assets (Disclose on Schedule A)	<u>\$589,043</u>
121 Total Noncurrent Assets	<u>\$10,542,526</u>
122 TOTAL ASSETS	<u><u>\$90,251,479</u></u>

LIABILITIES AND NET ASSETS/EQUITY

CURRENT LIABILITIES

201 Incurred But Not Reported Claims (Disclose on Sch. A)	\$12,496,580
202 Reported But Unpaid Claims	1,032,485
203 Payable to ADHS (Disclose on Schedule A)	\$269,305
204 Other Amounts Payable to Providers	5,889,372
205 Trade Accounts Payable	4,587,812
206 Accrued Salaries and Benefits	7,956,439
207 Long-term Debt (current portion)	-
208 Deferred Revenue (Disclose on Schedule A)	\$1,004,167
209 Risk Pool Payable	-
210 Other Current Liabilities (Disclose on Schedule A)	<u>\$9,948,147</u>
211 Total Current Liabilities	<u>\$43,184,306</u>

NON-CURRENT LIABILITIES

212 Long-term debt (net of current portion)	-
213 Loss Contingencies (Disclosed on Schedule A)	\$0
214 Other Noncurrent Liabilities (Disclose on Schedule A)	<u>\$3,031,810</u>
215 Total Noncurrent Liabilities	<u>\$3,031,810</u>
216 TOTAL LIABILITIES	<u>\$46,216,116</u>
217 NET ASSETS/EQUITY	
Unrestricted Net Assets	44,035,363
Restricted Net Assets (Disclose on Schedule A)	\$0

218 TOTAL LIABILITIES AND NET ASSETS/EQUITY	<u><u>\$90,251,479</u></u>
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VO
STATEMENT OF FINANCIAL POSITION
AS OF:
Schedule A Disclosures

December 31, 2006

ASSETS:

Cash

Unrestricted	61,589,738
Restricted	\$ -
Total Cash	<u><u>\$61,589,738</u></u>

Accounts Receivable

ADHS

Program ID	Category ID
Current Year	
TXIX Child	-
TXIX CMDP	-
TXIX SMI	-
HIFA II SMI	-
TXIX GMHSA	-
HIFA II GMH	-
TXIX DD Child	-
TXIX DD Adult	-
TXXI Child	-
TXXI Adult	-
NTXIX/XXI Child	107,026
NTXIX/XXI SMI	2,895,123
Mental Health	512,624
Substance Abuse	3,062,682
Prevention Intervention	1,024,269
ADHS DOC	(14,070)
PASRR	1,500
HB2003 Child	-
HB2003 SMI	-
NTXIX/XXI SMI	Community Placement (0)
Select Program	Identify category
Prior Year	
TXIX Child	-
TXIX CMDP	-
TXIX SMI	-
HIFA II SMI	-
TXIX GMHSA	-
HIFA II GMH	-
TXIX DD Child	-
TXIX DD Adult	-
TXXI Child	-
TXXI Adult	-
NTXIX/XXI Child	-
NTXIX/XXI SMI	-
Mental Health	-
Substance Abuse	-
Prevention Intervention	-
ADHS DOC	-
PASRR	-
HB2003 Child	-
HB2003 SMI	-
Select Program	Identify category

Non-ADHS &/or Unrelated Business

Current Year	
Deferred Lease Liability	-
MMA pharmacy receivable	21,494
Non-HB2003 provider receivables	2,428,196
Rehabilitative Services Administration and MMA re	-
Accrued interest receivable	239,494
Case management receivable	-

LIABILITIES:

IBNR Claims Estimate

Current Year	
FY 07	1,644,157
Prior Year(s)	
FY06	10,852,423
FY05	
Total IBNR	<u><u>\$12,496,580</u></u>

Payable to ADHS (Detail of Line 203)

Program ID	Category ID
Prior Year	
NTXIX/XXI Child	Profit/Risk Corridor \$34,371
HIFA II SMI	Profit/Risk Corridor \$74,091
Other	Sanctions \$150,843
Current Year	
NTXIX/XXI SMI	Sanctions \$10,000
Total Payable to ADHS	<u><u>\$269,305</u></u>

Deferred Revenue from: (Detail of Line 208)

Program ID	Category ID
ADHS	
Current Year	
TXIX Child	\$219,945
TXXI Child	\$357,870
NTXIX/XXI Child	\$75,083
TXIX SMI	\$35,549
HIFA II SMI	\$315,720
Prior Year	
Other	FY05 Incentive Payment \$0
Select Program	\$0
Other	Identify Category
Non-ADHS &/or Unrelated Business	
Current Year	
Identify Program	Identify Category
Identify Program	Identify Category
Prior Year	
Identify Program	Identify Category
Total Deferred Revenue	<u><u>\$1,004,167</u></u>

Other Current Liabilities (Detail of Line 210)

Identify Other Current Liabilities	
Payable to AHCCCS	1,547,603
Casa Buena Payable	-
Income tax payable to parent	(64,394)
Deferred Lease Liability	(302)
Due to affiliates	3,023,726
Malpractice Reserve	4,786,668
Payable to the United State Government, DOJ	550,667
Sanctions and penalties payable	-
Accrued audit fees	104,179
Total Other Current Liabilities	<u><u>\$9,948,147</u></u>

HB2003 provider receivables	-	<u>Loss Contingencies (Detail of Line 213)</u>	
CMS Pharmacy (MMA) Receivable	2,397,171	Identify Loss Contingencies	
Lab Receivables	15,578		
Employee receivables	25,269	Total Loss Contingencies	<u>\$0</u>
Medicare receivable	268,805		
Prior Year		<u>Other Noncurrent Liabilities (Detail of Line 214)</u>	
	-	Deferred lease credit - noncurrent	2,186,524
Due to affiliates	-	Non-current settlements payable	-
Non-HB2003 provider receivables	-	- DOJ Settlement	583,064
Rehabilitative Services Administration	-	- Civil Monetary penalty settlement	262,222
Accrued interest receivable	-	Total Other Noncurrent Liabilities	<u>3,031,810</u>
Case management receivable	-		
Medicare receivable	-	<u>Restricted Net Assets (Detail of Line 217)</u>	
Lab Receivables	-	Identify Restricted Net Assets	
Employee receivables	-		
		Total Restricted Net Assets	<u>\$0</u>
Allowance for Doubtful Accounts			
Total Accounts Receivable	<u>12,985,161</u>		

Other Current Assets (Detail of Line 106)

Deferred Tax Asset	2,947,259
Total Other Current Assets	<u>\$2,947,259</u>

Other Noncurrent Assets (Detail of Line 120)

Deferred Tax Asset	589,043
Total Other Noncurrent Assets	<u>589,043</u>

PERFORMANCE BOND:

Type of Security & Amount -

Bank of New York	LOC	\$45,167,606
Merrill Lynch	LOC	\$4,764,406

Adjustments:

Disclose and describe any adjustments made to previously submitted financial statements, including those that affect the current period financial statements.

Payables to ADHS - Other* Category

Disclose items recorded as "Other" in the category for Payable to ADHS Section

Explain ≥10% fluctuation in account from prior period

Describe fluctuation in each account greater than 10%

- 101. Cash increased 35.21% due to receiving November payment in December.
- 103. Accounts receivables decreased 21.26% due to the timing of cash received from ADHS.
- 105. Prepaid expense increased 35.25% due to true-up of all prepaid expenses.
- 202. Reported but unpaid claims increased 42.70% due to normal claims payment cycle.
- 203. Recoupment/Sanction liability decreased 73.07% due to payment of excess profit to ADHS.
- 205. Trade accounts payable increased 22.24% due to normal trade payable cycle.
- 206. Accrued salaries and benefits increased 16.31% due to normal payroll cycle.
- 208. Deferred revenue increased 28.08% due to accrual of T19 Child.

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STATEMENT OF CHANGES IN NET ASSETS / EQUITY

AS OF : December 31, 2006

			Net Assets /	
			Retained	
			Earnings	Total
Beginning Balance:	July 1, 2006			
		Initial Capital	Additional Capital	
		36,090,585	1,006,000	(215,865)
* Net Surplus / Net Earning for the period ended:	December 31, 2006	-	-	99,340
Dividends Declared			-	(1,000,000)
** Prior Period Adjustments		-	8,055,301	-
Ending Balance:	December 31, 2006			-
		\$ 36,090,585	\$ 9,061,301	\$ (1,116,525)
				\$ 44,035,361

* Net of dividends declared

** Disclosure of Prior Period Adjustments

YEAR TO DATE AS OF:

December 31, 2006

*DISCLOSE ON SCHEDULE A

VO 2Qtr: Strmnt Activities

*DISCLOSE ON SCHEDULE A

		TXIX CHILD	TXIX CMDP	TXIX DD CHILD	NTXIX/XXI CHILD	TXXI CHILD	HB2003 CHILD	TXIX SMI	TXIX DD ADULT	NTXIX/XXI SMI	HIFA II SMI	TXXI ADULT	SSDI - TMC	TXIX GMHSA	HIFA II GMH	MENTAL HEALTH	SUBSTANCE ABUSE	PREVENTION INTERVENTION	PASRR	ADHS DOC	OTHER	SUB TOTAL	PROGRAM ADMIN & MGMT/GEN	TOTAL
Administrative Expenses:																								
601	Salaries	950,935	363,706	72,833	81,272	65,738	0	2,182,538	57,039	918,414	18,123	2,561	0	915,371	12,726	25,697	263,192	67,669	531	16,574	0	6,014,918		6,014,918
602	Employee Benefits	214,508	82,043	16,429	18,333	14,829	0	492,328	12,867	207,172	4,088	578	0	206,486	2,871	5,797	59,370	15,265	120	3,739	0	1,356,821		1,356,821
603	Professional & Outside Services	263,081	100,621	20,150	22,484	18,187	0	603,809	15,780	254,083	5,014	708	0	253,241	3,521	7,109	72,813	18,721	147	4,585	0	1,664,054		1,664,054
604	Travel	16,224	6,205	1,243	1,387	1,122	0	37,237	973	15,669	309	44	0	15,618	217	438	4,490	1,155	9	283	0	102,623		102,623
605	Occupancy	46,073	18,387	3,692	4,109	3,323	0	110,334	2,883	46,429	916	129	0	46,275	643	1,299	13,305	3,421	27	838	0	304,073		304,073
606	Depreciation	238,614	91,263	18,276	20,393	16,495	0	547,655	14,312	230,454	4,547	643	0	229,690	3,193	6,448	66,042	16,980	133	4,159	0	1,509,298		1,509,298
607	All Other Operating*	1,251,968	478,843	95,889	107,000	86,548	0	2,873,452	75,095	1,209,152	23,860	3,371	0	1,205,145	16,755	33,831	346,510	89,091	699	21,821	0	7,919,030		7,919,030
608	Subtotal ADHS Administrative Expenses	2,983,404	1,141,069	228,502	254,977	206,242	0	6,847,353	178,949	2,881,374	56,857	8,034	0	2,871,825	39,927	80,619	825,723	212,301	1,665	51,999	0	18,870,817	0	18,870,817
650	Non ADHS Administrative Expenses*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	425,887	425,887
651	Unrelated Admin. Expense*																					0		0
652	Subtotal Administrative Expense	2,983,404	1,141,069	228,502	254,977	206,242	0	6,847,353	178,949	2,881,374	56,857	8,034	0	2,871,825	39,927	80,619	825,723	212,301	1,665	51,999	0	18,870,817	425,887	19,296,704
701	Unrelated Business Expenses*																					0		0
790	Income Tax Provisions																							
a	ADHS Income Tax Provision	2,029,127	(1,402,199)	357,581	125,290	202,173	0	789,372	63,181	(3,380,719)	124,147	(5,860)	0	1,271,443	23,913	(1,364,316)	529,445	109,275	0	(52,701)	0	(580,848)	0	(580,848)
b	Non ADHS Income Tax Provision	0	0	0	0	0	0	88,042	0	70,340	0	0	0	443	0	3,183	325	0	0	0	167,906	330,239	317,084	647,323
799	Subtotal Income Tax Provision	2,029,127	(1,402,199)	357,581	125,290	202,173	0	877,414	63,181	(3,310,379)	124,147	(5,860)	0	1,271,886	23,913	(1,361,133)	529,770	109,275	0	(52,701)	167,906	(250,609)	317,084	66,475
800	TOTAL EXPENSES	39,049,272	18,123,105	2,682,013	3,432,205	2,638,744	0	95,181,682	2,424,259	45,667,854	586,866	121,943	0	38,477,212	525,873	3,176,928	10,826,316	2,823,389	22,200	816,080	167,906	266,743,853	742,971	267,486,824
801	INC(DEC) IN NET ASSETS/EQUITY	3,032,325	(2,095,447)	534,367	187,234	302,128	0	1,311,206	94,421	(4,947,026)	185,527	(8,755)	0	1,900,707	35,734	(2,034,077)	791,688	163,299	0	(78,756)	250,922	(374,509)	473,849	99,340

STATEMENT OF ACTIVITIES																								
YEAR TO DATE AS OF:																								
Schedule A Disclosure																								
	TXIX CHILD	TXIX CMDP	TXIX DD CHILD	NTXIX/XXI CHLD	TXXI CHILD	HB2003 CHILD	TXIX SMI	TXIX DD ADULT	NTXIX/XXI SMI	HIFA II SMI	TXXI ADULT	SSDI - TMC	TXIX GMHSA	HIFA II GMH	MENTAL HEALTH	SUBSTANCE ABUSE	PREVENTION INTERVENTION	PASRR	ADHS DOC	OTHER	SUB TOTAL	PROGRAM ADMIN/MGMT/ GEN	TOTAL	
DISCLOSURE OF OTHER ADHS REVENUE																								
																						\$0	\$0	
																						\$0	\$0	
																						\$0	\$0	
Total Other - Other Column																					\$0	\$0	\$0	
DISCLOSURE OF OTHER GRANTS REPORTED ON LINE 402																								
Itemization of Items Reported on Line 402																						0	0	
																						0	0	
Total Other Grants	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
DISCLOSURE OF OTHER REVENUE REPORTED ON LINE 406																								
Itemization of Items Reported on Line 406																								
Lab Revenue																					8,646	8,646	8,646	
Miscellaneous																					410,182	410,182	410,182	
Total Other Revenue	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	418,828	418,828	0	418,828
UNRELATED BUSINESS ACTIVITIES REPORTED ON LINE 407																								
Itemization of Items Reported on Line 407																								
																						0	0	
																						0	0	
Total Unrelated Business Activities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
DISCLOSURE OF ALL OTHER BEHAVIORAL HEALTH SERVICES ON LINE 511																								
Itemization of Items Reported on Line 511																								
HB2003 Children and Adult services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
PASARR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	20,535	0	0	20,535	0	20,535	
Total All Other Behavioral Health Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	20,535	0	0	20,535	0	20,535	
DISCLOSURE OF SERVICES EXPENSES FROM NON ADHS SOURCES ON LINE 520																								
Itemization of Items Reported on Line 520																								
																						0	0	
																						0	0	
Total Service Expenses Non-ADHS Sources	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
DISCLOSURE OF ALL OTHER OPERATING ON LINE 607																								
Itemization of Items Reported on Line 607																								
Maintenance Contracts	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Supplies	19,992	7,646	1,531	1,709	1,382	0	45,883	1,199	19,308	381	54	0	19,244	268	540	5,533	1,423	11	348	0	126,452	126,452	126,452	
Phone	70,108	26,814	5,370	5,992	4,847	0	160,907	4,205	67,710	1,336	189	0	67,486	938	1,894	19,404	4,989	39	1,222	0	443,449	443,449	443,449	
Licenses & Taxes	8,999	3,442	689	769	622	0	20,654	540	8,691	172	24	0	8,662	120	243	2,491	640	5	157	0	56,921	56,921	56,921	
Insurance	13,348	5,105	1,022	1,141	923	0	30,635	801	12,891	254	36	0	12,848	179	361	3,694	950	7	233	0	84,428	84,428	84,428	
Training	10,134	3,876	776	866	701	0	23,260	608	9,788	193	27	0	9,755	136	274	2,805	721	6	177	0	64,103	64,103	64,103	
Postage	9,056	3,464	694	774	626	0	20,784	543	8,746	173	24	0	8,717	121	245	2,506	644	5	158	0	57,280	57,280	57,280	
Other	7,958	3,044	610	680	550	0	18,265	477	7,686	152	21	0	7,660	107	215	2,203	566	4	139	0	50,336	50,336	50,336	
Sanctions & penalties expense	7,261	2,777	556	621	502	0	16,665	436	7,013	138	20	0	6,990	97	196	2,010	517	4	127	0	45,929	45,929	45,929	
Net Allocation In	1,105,113	422,675	84,642	94,449	76,396	0	2,536,398	66,286	1,067,319	21,061	2,976	0	1,063,782	14,790	29,863	305,864	78,641	617	19,261	0	6,990,133	0	6,990,133	
																						0	0	
Total All Other Operating	1,251,968	478,843	95,889	107,000	86,548	0	2,873,452	75,095	1,209,152	23,860	3,371	0	1,205,145	16,755	33,831	346,510	89,091	699	21,821	0	7,919,030	0	7,919,030	
DISCLOSURE OF NON-ADHS ADMINISTRATIVE EXPENSES ON LINE 650																								
Itemization of Items Reported on Line 650																								
Investment income administration																						0	425,887	425,887
																						0	0	0
Total Non-ADHS Admin. Expense	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	425,887	425,887	
DISCLOSURE OF UNRELATED ADMINISTRATIVE EXPENSES ON LINE 651																								
Itemization of Items Reported on Line 651																								
																						0	0	0
																						0	0	0
Total Unrelated Administrative Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
DISCLOSURE OF UNRELATED BUSINESS EXPENSES LINE 701																								
Itemization of Items Reported on Line 701																								
																						0	0	0
																						0	0	0
Total Unrelated Business Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0</				

	TXIX CHILD	TXIX CMDP	TXIX DD CHILD	NTXIX/XXI CHILD	TXXI CHILD	HB2003 CHILD	TXIX SMI	TXIX DD ADULT	NTXIX/XXI SMI	HIFA II SMI	TXXI ADULT	SSDI - TMC	TXIX GMHSA	HIFA II GMH	MENTAL HEALTH	SUBSTANCE ABUSE	PREVENTION INTERVENTION	PASRR	ADHS DOC	OTHER	SUB TOTAL	PROGRAM ADMIN/MGMT/ GEN	TOTAL
ADJUSTMENTS																							
(Disclose and describe any adjustments to previously submitted financial statements including those that affect the current financial statements)																							
<div>Analysis:</div> <div>(Compare prior quarter activity to current quarter activity for each column [program] and each row major category of service.)</div> <div>1. TXIX DD Child increased due to true-up of expenses based on a latest DD roster.</div> <div>2. NTXIX/XXI Child increased due to accrual of additional true-up dollars that was not included in the block contract accrual.</div> <div>3. TXIX SMI decreased due to both decrease in crisis intervention due to out-sourcing of rapid response team and decrease in medication expense.</div> <div>4. TXIX DD Adult increased due to true-up of expenses based on a latest DD roster.</div> <div>5. HIFA II SMI decreased due to reclassification of expenses based on actual utilization.</div> <div>6. TXXI Adult increased due to increase in utilization of hospital psychiatric.</div> <div>7. HIFA II GMH decreased due to reclassification of expenses based on actual utilization.</div> <div>8. Mental Health decreased due to decrease in crisis intervention due to out-sourcing of rapid response team.</div> <div>9. Crisis intervention decreased due to decrease due to out-sourcing of rapid response team which was to start on July, 06, however did not materialized until August, 2006.</div> <div>10. Medication decrease due to both decline in utilization and rebates.</div> <div>11. Other ADHS service expenses decreased due to decrease in PASRR expense.</div>																							

VO
STATEMENT OF CASH FLOWS
YEAR TO DATE FOR PERIOD ENDED: December 31, 2006

CASH FLOWS FROM OPERATING ACTIVITIES:

Changes in Net Assets	99,342
Adjustments to Reconcile Excess of Revenue Over/(Under) Expenses to Net Cash Provided (Used) by Operating Activities:	
Depreciation and Amortization	3,018,274
Changes in Operating Assets and Liabilities	
(Increases)/Decreases in Assets:	
Current Investments	-
Receivables	5,206,336
Inventory & Prepaid Expenses	(463,115)
Interest Receivable	(218,337)
Deposits	9,825
Other	-
Increases/(Decreases) in Liabilities:	
IBNR	1,944,130
RBUC	212,880
Accounts Payable to ADHS	(733,424)
Accounts Payable to Providers	1,888,502
Interest Payable	-
Trade Accounts Payable	734,916
Accrued Salaries & Benefits	514,810
Other Current Liabilities	970,201

NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES 13,184,338

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from Sale of Property & Equipment	-
Purchases of Property & Equipment	(2,136,896)
Proceeds from Sales of Investments	-
Purchase of Investments	-

NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES (2,136,896)

CASH FLOWS FROM FINANCING ACTIVITIES:

Acquisition of Debt (Describe on Schedule A)	8,055,301
Payment of Lease Obligations	-
Payment of Other Debts (Describe on Schedule A)	(1,000,000)

NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES 7,055,301

NET INCREASE/(DECREASE) IN CASH	18,102,743
BEGINNING CASH	<u>43,486,995</u>
ENDING CASH BALANCE *	<u><u>61,589,738</u></u>

***NOTE: ENDING CASH BALANCE MUST AGREE WITH TOTAL CASH BALANCE ON BALANCE SHEET**

VO

STATEMENT OF CASH FLOWS

YEAR TO DATE FOR PERIOD ENDED:

December 31, 2006

Schedule A Disclosure

Describe:

1. Sources and amounts of cash received for other grants.

2. Underlying transactions for acquisition of debt.

(Debtor, amount, purpose of loan, term, interest rate of debt acquired during the quarter.)

Capital infusion from parent company	8,055,301
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3. Underlying transactions for retirement of debt.

(Debtor, amount paid off.)

4. Cash Flows From Financing Activities - Payment of Other Debt

Dividends declared and paid	1,000,000
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5. Supplemental data or non-cash investing and financing activities, gifts, etc.